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Russian Poultry Situation and Outlook

According to Russian State Statistics, all types of meat production have been unprofitable for several years. Cattle returns were the worst with loss margins of 60 percent, and poultry production the "best" with loss margins of 25 percent. Broiler production is expected to increase in 2000.

The broiler industry has received new infusions of foreign capital and increased domestic investment, which have helped modernize operations. Also, production has shifted into areas with better access to feed ingredients. Some plants are now seeing feed conversion factors of around 2:1 and grow out periods of 45 to 48 days. Normal production cycles are 75 days or more with feed conversions of 4:1. Overall poultry production is forecast to fall in 2000 as production outside of the modernizing broiler industry drops off sharply due to inefficiencies, but at a slower rate.

Commercial imports of U.S. poultry meat have faced severe competition from highly subsidized exports of pork from the EU. Pork moved into Russia at prices below those of leg quarters. A reduction in the EU restitution for pork this fall will reduce that advantage, and is expected to lead to shifts of imports of pork from other sources or possibly increased poultry imports.

In addition to direct commercial imports of poultry meat, significant quantities entered Russia via the Baltic countries. This was particularly true for poultry meat from the United States. While U.S. exports of poultry to Russia are down 80 percent for the first seven months, exports to all the FSU countries are down only 40 percent. As much as 300,000 tons of poultry meat may come in via the Baltics this year, and this quantity is included in the trade and consumption estimates for Russia. If a recent Russian decree restricting customs clearance points comes into effect, it would essentially eliminate this trade. The United States Government has protested that this decree discriminates against certain countries and should not be implemented in its present form.

The European Union and the United States also shipped meat to Russia through their food aid programs in 1999. Many in the trade complain that food aid hampers the development of commercial channels for meat trade. However, only limited quantities of food aid have been distributed so far, with most of the U.S. shipments occurring in September, October, and November, and some of the EU product not expected to arrive until next year.

Imported meats, both commercial and food aid, are still viewed by the public as inferior products. Furthermore, there is a strong Russian concern that imported meat depresses prices and disrupts the potential to rebuild the struggling domestic livestock and poultry industries.

Source: USDA/Foreign Agricultural Service

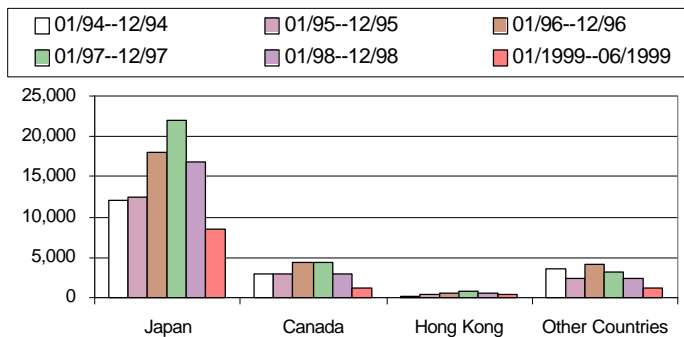
Mexico - Poultry Industry

Industry consolidation continues in Mexico as the third largest poultry company in Mexico is up for sale. Mexican industrial conglomerate Desc S.A. de C.V. has announced it will sell its poultry and animal feed business, Grupo Campi S.A. de C.V., which processes 78 million broilers a year. JP Morgan reportedly is acting as agent for Desc and has received several bids, including one from Industrias Bachoco S.A. de C.V., the leading Mexican poultry company. Terms and conditions are being negotiated with Bachoco. The transaction will be subject to approvals by Mexican government authorities.

Currently, six leading companies account for nearly 50 percent of total domestic production of chicken meat. About 80 percent of total Mexican chicken meat is produced in large vertically integrated companies.

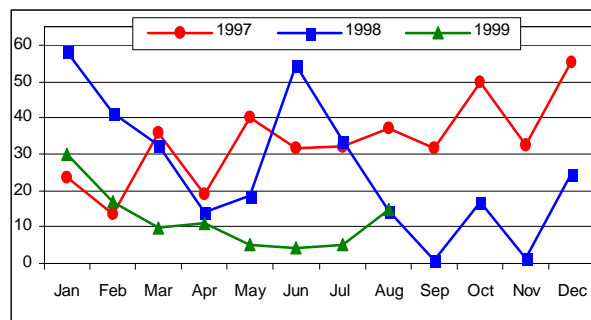
Source: WATTNET Home Page; USDA/Foreign Agricultural Service

United States Export Value, Fresh/Chilled/Frozen Egg Yolk, In Thousands of Dollars



Source: United States Department of Agriculture

Frozen Leg Quarters Exported from the U.S. to Russia



Source: Department of Commerce, Bureau of the Census

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

	Week Ending October 30, 1999		Year-To-Date	
Type	1999	1998 /1	1999	1998
Liquid	194	595	11,457	12,970
Frozen	0	0	6	50
Dried	0	69	504	606
Total	194	664	11,967	13,626

U.S. Imports From Canada, in Pounds (000) (Preliminary)

	Week Ending October 30, 1999		Year-To-Date	
Liquid	84	81	3,858	3,557
Frozen	16	4	470	177
Dried	0	0	169	235
Total	100	85	4,497	3,969

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

	Week Ending October 30, 1999		Year-To-Date	
Jumbo	15	11	1,150	1,306
Extra Large	900	413	38,121	30,719
Large	4,360	4,306	127,785	103,246
Medium	1,613	1,403	42,637	50,997
Ungraded	15,990	18,938	543,743	316,138
Misc	532	266	10,722	7,947
Total	23,410	25,337	764,158	510,353

/1 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 30-OCT-99 (PRELIMINARY)**U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT	HEAVY	TOTAL
HEAD	2,024	1,581	3,605
LAST WEEK	1,952	1,612	3,564
SAME WEEK YR AGO	1,826	1,215	3,041
TO-DATE/1999	89,552	60,983	150,535
TO-DATE/1998	87,764	54,350	142,114

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	459	20	479
LAST WEEK	408	43	451
SAME WEEK YR AGO	487	7	494
TO-DATE/1999	19,942	249	20,191
TO-DATE/1998	22,411	288	22,699
SOURCE: AGRICULTURE CANADA, POULTRY DEVELOPMENT DIVISION			

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	2,483	1,601	4,084
LAST WEEK	2,360	1,655	4,015
SAME WEEK YR AGO	2,313	1,222	3,535
TO-DATE/1999	109,494	61,232	170,726
TO-DATE/1998	110,175	54,638	164,813

CENTRAL REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 05-NOV-99

CHICKEN PRICES

	-----FROZEN-----		-----FRESH-----	
FAT	FOB	DELIVERED	FOB	DELIVERED
CONTENT	DOCK		DOCK	
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				
0 pounds, this includes 0 pounds for export shipment.				

CHICKEN PRICES, WITH ADDED SKIN

15% OR LESS				
RANGE	19.00	-	15.00	-
WTD AVERAGE	19.00		15.00	
71,200 pounds, this includes 0 pounds for export shipment.				
15-20%				
RANGE	15.25-19.00	18.00	11.00-13.50	14.00-14.50
WTD AVERAGE	15.66	18.00	11.26	14.13
2,580,400 pounds, this includes 938,400 pounds for export shipment.				
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				
0 pounds, this includes 0 pounds for export shipment.				
* INCLUDES THE FOLLOWING STATES: AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI				

EASTERN REGION PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND FOR DELIVERY WITHIN TWO WEEKS. 05-NOV-99

CHICKEN PRICES

	-----FROZEN-----		-----FRESH-----	
FAT	FOB	DELIVERED	FOB	DELIVERED
CONTENT	DOCK		DOCK	
RANGE	16.00-20.00	-	18.00	-
WTD AVERAGE	17.36		18.00	
1,280,000 pounds, this includes 560,000 pounds for export shipment.				

CHICKEN PRICES, WITH ADDED SKIN

15% OR LESS				
RANGE	-	18.50	17.00	17.00
WTD AVERAGE		18.50	17.00	17.00
800,000 pounds, this includes 0 pounds for export shipment.				
15-20%				
RANGE	14.75-18.00	17.00	14.00-16.00	13.00-16.50
WTD AVERAGE	16.92	17.00	14.67	14.91
2,480,000 pounds, this includes 1,360,000 pounds for export shipment.				
20% OR MORE				
RANGE	-	-	13.50	-
WTD AVERAGE			13.50	
120,000 pounds, this includes 0 pounds for export shipment.				
* INCLUDES THE FOLLOWING STATES: CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV				

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT

FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS
NOVEMBER 05, 1999

Undertone barely steady at best on tom breast meat with some sellers resisting the lower buyer bids. Destrapped tenderloin undertone steady to instances weak with some sellers indicating a willingness to negotiate. Undertone steady at best on MST with increased domestic fresh activity noted. Demand light to good, best on 4-8 lb. breasts, drums and full-cut wings. Trading heavy on fresh 4-8 lb breasts, balance light to fair. Trading light on Grade A 12-16 lb. breasts 115, plant grade breasts at 106 on 8-10 lb. and 12-14 lb. at 125, fresh destrapped tenderloins 126-129 cents delivered. Defatted gizzards 83 cents delivered port.

FRIDAY, NOVEMBER 05, 1999

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	29.00		29.00	80	27.29	280
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM	27.00		27.00	208	27.00	208
TAILS		W	12.33	120	12.33	120
MECHANICALLY SEPARATED 4/	20.50		20.50	208	20.60	392
THIGH MEAT - FROZEN	61.00-62.50		61.90	144	61.67	532

THURSDAY, NOVEMBER 04, 1999

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	26.60	200
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		W	12.33	120
MECHANICALLY SEPARATED 4/		T	20.72	184
THIGH MEAT - FROZEN	63.00		63.00	52

WEDNESDAY, NOVEMBER 03, 1999

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	26.60	200
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS	12.00-13.00		12.33	120
MECHANICALLY SEPARATED 4/		T	20.72	184
THIGH MEAT - FROZEN	61.00		61.00	56

TUESDAY, NOVEMBER 02, 1999

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	26.60	200
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		W	12.00	80
MECHANICALLY SEPARATED 4/	20.50-21.00		20.72	184
THIGH MEAT - FROZEN	61.00		61.00	40

MONDAY, NOVEMBER 01, 1999

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	26.00-27.00		26.60	200
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		W	12.00	80
MECHANICALLY SEPARATED 4/		F	22.00	40
THIGH MEAT - FROZEN	61.50		61.50	240

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.

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